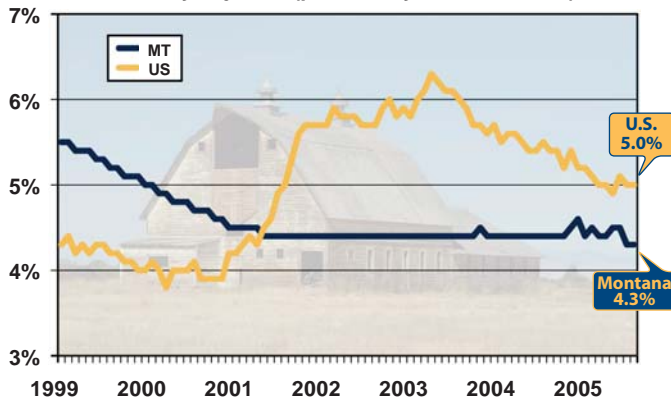


# MONTANA Economy at a Glance

Editor: Robert C. Marvin

## Unemployment

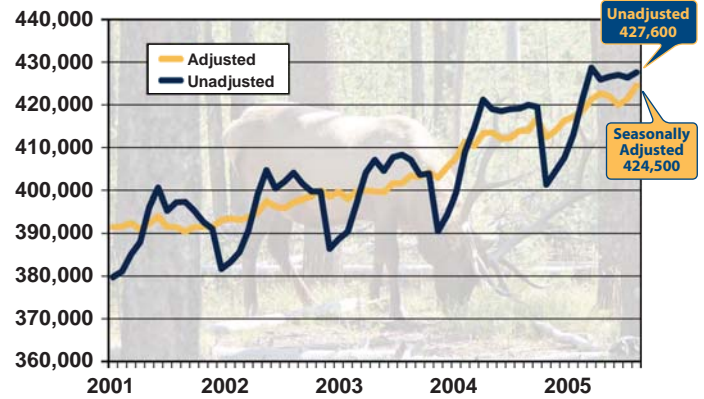
Seasonally adjusted (preliminary Nov. 2005 data)



Montana's seasonally adjusted unemployment rate remained steady at 4.3% for November 2005. The U.S. unemployment rate was also unchanged from October to November, remaining at 5.0%.

## Nonfarm Employment

January 2001 - November 2005



Montana's seasonally adjusted nonagricultural payroll employment was up 3,100 jobs (0.7%) over-the-month for November 2005. The largest gains were seen in Leisure & Hospitality, which was up by 1,000 jobs (1.7%), Construction, up 800 jobs (3.0%), and Trade, Transportation, & Utilities, up by 500 jobs (0.6%).

## Unemployment by County

Not seasonally adjusted

	Nov. 2005*	Nov. 2004		Nov. 2005*	Nov. 2004
U.S.	4.8	5.2	McCone	2.7	2.3
MONTANA	4.3	4.3	Madison	3.5	3.9
			Meagher	4.9	5.2
Beaverhead	3.8	3.6	Mineral	7.3	6.3
Big Horn	9.0	8.9	Missoula	4.1	3.9
Blaine	4.3	4.3	Musselshell	5.0	5.5
Broadwater	3.4	3.5	Park	5.2	5.4
Carbon	4.0	4.5	Petroleum	4.6	4.5
Carter	3.5	2.4	Phillips	3.6	4.0
Cascade	4.2	4.1	Pondera	5.2	4.9
Chouteau	3.8	3.5	Powder River	2.8	2.8
Custer	3.7	3.6	Powell	6.7	6.7
Daniels	3.7	3.9	Prairie	4.1	3.0
Dawson	3.5	3.4	Ravalli	5.1	5.1
Deer Lodge	6.4	6.8	Richland	3.1	3.1
Fallon	2.7	2.9	Roosevelt	6.9	6.3
Fergus	4.5	4.6	Rosebud	5.7	5.2
Flathead	4.8	5.4	Sanders	6.4	6.0
Gallatin	3.5	3.8	Sheridan	3.7	3.0
Garfield	3.6	3.6	Silver Bow	4.7	4.7
Glacier	8.2	7.8	Stillwater	3.5	3.4
Golden Valley	4.8	6.1	Sweet Grass	2.3	2.0
Granite	5.7	4.8	Teton	3.2	4.0
Hill	4.5	4.3	Toole	3.5	3.3
Jefferson	4.9	3.7	Treasure	3.7	3.5
Judith Basin	4.2	4.2	Valley	3.9	4.0
Lake	5.7	5.5	Wheatland	4.0	3.9
Lewis & Clark	3.8	3.8	Wibaux	4.0	3.5
Liberty	4.2	3.8	Yellowstone	3.4	3.4
Lincoln	8.1	8.6			

\* November 2005 rates preliminary

## Employment by Industry

Over-the-year change - Not seasonally adjusted

Industry Employment (in thousands)	Nov. 2005	Nov. 2004	Net Change	Percent Change
Total Non-Agricultural	427.6	420.0	7.6	1.8%
Natural Resources & Mining	8.1	7.8	0.3	3.8%
Construction	28.0	26.5	1.5	5.7%
Manufacturing	19.1	19.1	0.0	0.0%
Trade, Transportation, Utilities	88.3	87.1	1.2	1.4%
Information	7.9	7.8	0.1	1.3%
Financial Activities	21.2	21.0	0.2	1.0%
Professional & Business Services	34.8	33.5	1.3	3.9%
Education & Health Services	56.8	55.2	1.6	2.9%
Leisure & Hospitality	55.7	54.1	1.6	3.0%
Other Services	17.2	17.5	-0.3	-1.7%
Total Government	90.5	90.4	0.1	0.1%

## Unemployment by Statistical Area

Not seasonally adjusted

### Metropolitan Statistical Areas

	Nov. 2005*	Nov. 2004
Billings	3.5	3.4
Great Falls	4.6	4.4
Missoula	4.1	3.9

\*November 2005 rates preliminary

### Micropolitan Statistical Areas

	Nov. 2005*	Nov. 2004
Bozeman	3.5	3.8
Butte-Silver Bow	4.7	4.7
Havre	4.5	4.3
Helena	4.0	3.8
Kalispell	4.8	5.4

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# Show MT the Money: Montana's Gaming Industry - Revenues and Locations

by Tyler Turner<sup>1</sup>, Economist

If you live in Montana, chances are you have access to a Video Gaming Machine (VGM). Love it or hate it, there's no denying that the gaming industry has become a significant part of the Montana economy. Gaming opportunities exist for residents in all 56 counties, with a statewide total of 1,557 gaming establishments and over 20,000 licensed VGMs.

While these statistics provide a picture of the overall presence of the industry in the state, they do little to show the impact that gaming has on the economy. The very nature of the gaming industry makes it difficult to assess using traditional industry measures, such as wages and employment. Because VGMs are located in a variety of establishments, such as casinos, bars, gas stations, and other retail outlets, determining who works in the industry, or even what constitutes a "gaming establishment," is problematic. Therefore, we must consider alternative industry measures: gaming tax revenues and number of machines. This article will examine the concentration of gaming tax revenues and machines in the state and its counties, as well as the factors that influence this concentration.

### Revenues

The State of Montana collected \$53 million in gaming tax revenues during the 2005 fiscal year. Total taxes collected were the highest in Yellowstone County at over \$10 million. The lowest total occurred in Treasure County, which collected less than \$5,000 in tax revenues.

Total tax revenues, while interesting, do not show the true nature of gaming within Montana's counties, due to differences in population levels. To compare gaming tax revenues amongst counties, it is more use-

ful to consider tax revenues per person (residents 18 years or older). Figure 1 shows these revenues. Mineral County collected the most taxes, with \$166.30 per person, while Treasure County remains the lowest, with only \$9.50 collected per person.

Generally, it appears that counties with large populations have higher revenues per person than those with low populations. However, several small counties, such as Richland, Wibaux, and Mineral, exhibit high rates. This may be caused by both their proximity to the state border and to heavily used roadways. The rates in these counties suggest that interstate travel may contribute to the local gaming industry.

Figure 1: Gaming Tax Revenues Per Person

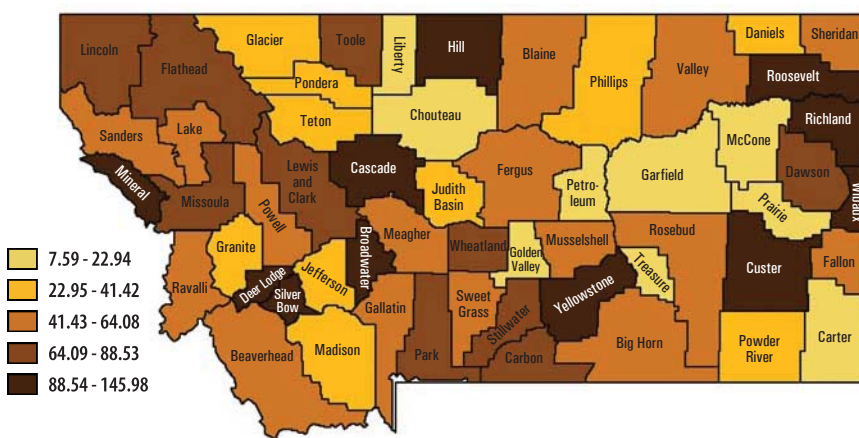
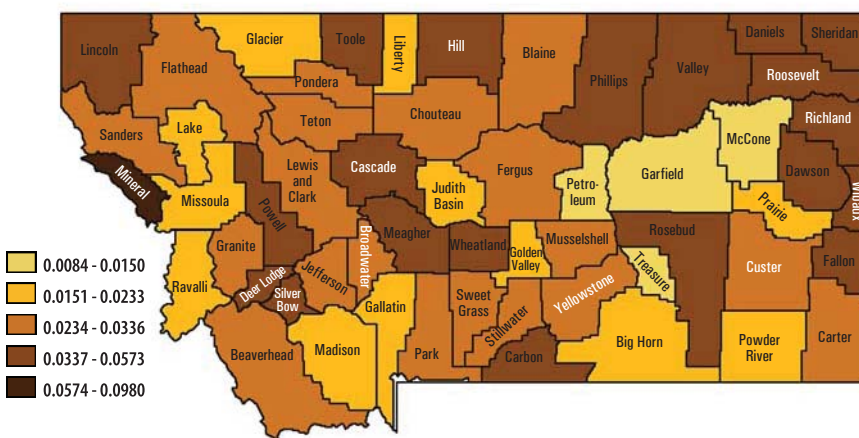


Figure 2: Video Gaming Machines Per Person



Source: Montana Department of Justice, Gaming Control Division; Montana Department of Labor and Industry, Research and Analysis Bureau.

<sup>1</sup>The author would like to extend his thanks to Tom Payhut and Rick Ask of the Montana Department of Justice for their assistance in collecting and interpreting gaming industry data and to Brad Eldredge for his time and input throughout this project.



## Licenses

As previously mentioned, over 20,000 VGM licenses were issued in 2005, with machines licensed in all 56 counties. Yellowstone County had the most machines with 2,753, while two counties, Treasure and Petroleum, had fewer than ten machines.

Machine counts were divided by the number of county residents of gambling age to create machines per person for each county. These rates are shown in Figure 2. Mineral County has the highest number of machines per person, with nearly 0.10 machines per person (10 people per machine). Treasure County has the lowest count, with less than 0.0090 machines per person (111 people per machine).

Unlike revenue per person, it appears that counties with smaller populations are more likely to have a high number of machines per person. Border counties were shown to have high per capita counts, again indicating that interstate travel may have an effect on the local gaming industry.

## Economic Analysis

To test apparent trends in the data, regression analysis (a mathematical method of examining the relationship among different variables) was performed. Two separate models were created to predict the values for revenues per person and number of machines per person. In addition to these two variables, gambling age population, median income, and industry mix were examined in the analysis. Table 1 shows the variables found to be important in predicting the two measures. A county's median income and industry mix were found to have no significant effect on its machines per person or revenues per person.

Machines per person was found to have a positive relationship with revenues per person. This means that comparing two counties with similar populations, such as Hill and Park, it is likely that the county with the higher number of machines per person will also have higher revenues per person. Likewise, revenues per person has a positive relationship with machines per person. This can be seen in the case of Fallon and Granite Counties, which have similar populations.

Population was also found to have a positive impact on revenue per person, meaning that given two counties with a similar number of machines per person, it is expected that the revenue per person will be larger in the county with the higher population. A comparison of Lewis & Clark and Carter Counties illustrates this impact.

**Table 1: Regression Analysis Results**

<i>Variable Examined</i>	<i>Revenue Per Person</i>	<i>Machines Per Person</i>
<i>Other Variables</i>	<u>Relationship</u>	<u>Relationship</u>
Revenue Per Person	N/A	+
Machines Per Person	+	N/A
Gambling Age Population	+	—

Source: Montana Department of Labor and Industry, Research and Analysis Bureau.

Interestingly, population has the opposite effect (a negative impact) on machines per person. Given two counties with similar revenues per person, the county with the lower population is actually expected to have a higher number of machines per person. Ravalli and Meagher Counties exhibit this relationship, with Ravalli having a much higher population, but a much lower number of machines per person. The reasons for this effect are not clear, although one factor may be caps imposed on the number of VGM licenses issued in larger counties. These caps are likely the result of limits to both machines per establishment and liquor licenses per county.

As a final note, it is important to remember that these relationships do not always hold true. An example of this occurs with the previously mentioned border counties, which are small in population but have very high revenues per person and a high number of machines per person. Again, this is likely due to the effect of interstate travel and should be considered when comparing these counties to the remainder of the state.

## Conclusion

The overall results of this analysis suggest several conclusions. First, population and per person measures (machines and revenues) play an important role in determining the size of the gaming industry within Montana counties. Second, counties with large populations are more likely to have higher revenues per person, while counties with small populations are likely to have a higher number of machines per person. Third, counties located near the state border are more likely to have both higher revenues per person and number of machines per person.

## Sources

Montana Department of Justice, Gaming Control Division. [www.doj.mt.gov/departments/gamblingcontroldivision.asp](http://www.doj.mt.gov/departments/gamblingcontroldivision.asp)

Montana Department of Commerce, Census and Economic Information Center. [www.ceic.commerce.mt.gov/](http://www.ceic.commerce.mt.gov/)



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